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THE MONEY QUESTION IN THE UNITED STATES.

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Our neighbours across the lines are related to us by such close commercial ties that any movement connected with an alteration of their monetary standards ought to be watched with interest by the people of this Dominion. The present agitation throughout the United States is great and widespread. Amongst ourselves the question hardly seems to have awakened the interest which it undoubtedly deserves. In whichever way it is settled, the result must, of necessity, have a bearing on the future prosperity of Canada.

It would be impossible within the compass of a few pages to do full justice to so wide a subject as the relative merits of the gold and silver standards. Nevertheless, I beg to lay before the reader a few reflections on the monetary questions now commanding so profound an interest in the United States.

It is now some years since I penned and published the following sentences:—"It needs no great acquaintance with monetary science to perceive that it is impossible for a nation to secure itself against anticipated losses, by proclaiming only one standard of value and practically demonetizing the other. The rejected metal, whether silver or gold, has a power in such circumstances, to take revenge as it were, on the people who have placed discredit on it. The influence may be slow and silent, but it will be very sure and powerful. The discarded metal may come to bleed that nation at every pore through its foreign trade and exchanges, and the evil will augment as foreign commerce and competition with foreign workmen increase. There may be a subtle and effective drain upon industry, and the secret cause of it all for a long time escape observation." In the same treatise, (International Coinage and Standards of Value) I used the following words, and I think they are worthy of being pondered over in the light of recent events:—"The time will come when circumstances, and perhaps serious losses, will compel both England and America to reconsider the whole question of the silver currency, and to accept at last of what nature teaches on the subject." Canada, some years since, when the American coins were driven out, thought she had settled the silver question, and that it would be heard of no more—it is thundering at our doors. England thought she had settled it when she degraded silver in 1816, casting off this silver wheel as useless and dangerous—England has since that time been famed the world over as the seat of monetary panics and fluctuations, and the silver question is at this moment one of the burning questions of the day. America thought she had settled forever with silver when, in 1874, the final act of decapitation quietly took place—the silver question is to-day shaking her as with a whirlwind. The silver will not be still, we cannot conjure it asleep, and let me say, it is well for humanity that it will not rest.

Amongst our neighbours, and especially amongst their foreign bondholders, the question of the remonetization of silver has got mixed

up with the manner of ultimately paying the bonded debt of the United States. There is no real connection between the two. They are different things.

With regard to the payment of the bonds little need be said. The eastern press, the newspapers on the sea-board, have apparently made up their minds that the bonds must be paid in gold, and that everything in the way of that conclusion must be swept aside, so that there an enquirer will fail to find material to guide him to a right conclusion. The facts are these.

The Acts authorising the issue of the bonds may be briefly stated in substance as follows :—The Secretary of the Treasury is empowered to issue, to a certain amount, coupon or registered bonds of the United States in sums of \$50 or multiples thereof, bearing specified rates of interest, and “redeemable in coin of the present standard value,” (1870) and bearing interest in such coin, payable semi-annually, and redeemable, after certain dates, at the pleasure of the United States. The 5-20 bonds issued under the Act of February, 1862, are payable “in dollars,” the customs duties providing for the interest to be collected “in coin.” The Act of 1863 makes the bonds issued under its authority payable, principal and interest, “in coin.” The Revised Statutes of 1874 declare that they may be paid in *either gold or silver coin*. The standard legal tender coin referred to in these Acts consists of silver dollars of 412½ grains standard metal, and gold dollars of 25·8 grains same standard. The subsequent demonetization of silver by Congress, in its adoption, in June, 1874, of the Revised Statutes, and into which Statutes, it is said, a clause of demonetization (section 3586) was surreptitiously introduced and passed *sub silentio*, did not in the least degree affect the bonds or the manner of their payment. As between honest parties, the terms of the bond can never be altered. These terms are for payment, at certain periods, of determinate *weights* of gold or silver coin of standard fineness. Neither the United States nor its bond-holders could enter on the region of future or prospective values, as to how much gold would be worth in silver, or silver worth in gold, or both worth in commodities, ten, twenty, or thirty years hence. Questions of values had nothing to do with these contracts. Nobody has denied that gold dollars and silver dollars were the legal tender and standard coins, when the bonds were issued. The payment of the bonds in either metal was placed utterly beyond hazard. That either metal was contemplated is beyond the shadow of a doubt, unless we take the United States to be ignorant of its own laws. Here is the substance of what is endorsed on the bonds :—“This bond is issued in accordance with the provisions of the Act of Congress, 14 July, 1870, and is redeemable at the pleasure of the United States after 1st Sept., 1891, in coin of the standard value of the United States, on said 14 July, 1870.” This language admits of no other interpretation than that a certain number of units of value, as specified on each bond, of the lawful gold standard or the lawful silver standard of the United States is agreed to be returned to the holder as a recompense for what was received. The holder now says that he did not “contemplate” receiving silver. All one can say on that point is, that it is not in the bond; and the United States will, I suppose, do what I am sure every merchant and banker in this city would do in similar circumstances, pay in the coin most convenient for the payer. The States may demonetize every coin now in circulation, silver and gold, and cast it all into the sea. What has that to do with the fulfilment of a plain contract? The Act

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of March, 1869, is so explicit on the point, as specially to recognize "gold or silver" as the species of money or coin embraced in former Acts. This was an Act passed, moreover, for the very purpose of removing any doubts or difficulties, either in the minds of the bondholders or the public, as to how the bonds were to be paid. The speeches in Congress may also be referred to. Though the word "gold" was most frequently used in debate, it was used as a generic term, gold being, as to bulk, the most valuable of the two metals, and the word coming on that ground most frequently to the lip. Yet various speakers often used the phrase, *gold or silver*, and used the words interchangeably, with reference to the bonds. Even Mr. Sherman himself, the present Secretary of the Treasury, unless he is misreported, spoke of the matter in this way, and in such a manner as to shew that the payment of the bonds in either metal was present to his mind as the thing expressly agreed on. If there were any doubts or looseness about the bonds, the very *prestige* of the word "dollar" would go a long way in favor of the silver, for the silver dollar moved a great portion of the world's commerce long before its golden brother was born. Were any merchant, or agent acting for others, to propose to pay me on the principle advocated by the anti-silver men, the bond lying on the desk before us, I would certainly need time to reflect whether to think him a knave or a fool. If he had plenty money thus to throw away there can be no doubt he would keep up his credit, and plenty money would flow to such a liberal interpreter of contracts, especially if it were known that he had the broad lands of America at his back, with millions of toiling hands to bring in the needful. But is it not also just possible that I might come to think that the man who was thus careless of the millions entrusted to him by the people whom he represented, might come to be equally careless about the millions he received on loan? The letter of the bargain is the only safe road for all parties. With the plain facts of the case before us, for any man to seize his pen and deliberately write down a great and generous nation as a parcel of swindlers and robbers, because they propose to act up to the strict letter of the law and agreement, is only to proclaim that he knows nothing about what he is writing.

If it would be unreasonable and dishonest to say that single-standard England, in the settlement of her sterling bonds, should repudiate her gold, then it is equally unreasonable and dishonest to compel double-standard America to repudiate her silver. If English law is sacred in the eyes of Englishmen, American law is as sacred in the eyes of Americans. The honour of the President of the United States is as precious a thing as the honour of England's Queen. As a subject of that Queen, I would consider myself dishonoured and degraded were I to urge by a single word the worthy gentleman at Washington who has been entrusted with the reins of power to wrong, by a stroke of his pen, his government, his laws, his coin, and his people. Perish millions upon millions of dollars, but let men, and especially exalted men, *do right*.

Let us suppose that some thousands of American working-men, daily familiar with silver, and never so much as handling a morsel of gold, have invested in English securities; and that these poor men, alarmed at some rumours as to a great fall in gold, and in blissful ignorance of the meaning of double and single standards, or of any standards at all, hurry off to England and approach the government with a demand to be paid in silver, appreciated ten or twelve per

cent.—how summarily would these men be dealt with, and how speedily would they be drummed out of London. But this is exactly what the European bond-holders now demand, only the ignorance of these sharp-witted men is more inexcusable.

It is a high testimony to the honour and integrity of the American people that, in the face of their legal and contract right to pay in silver, they are taking steps to restore the value of the silver. The man who would deny that such a movement is a bright example to the European nations who have practically done the deed of demonetization, is stone blind.

Nothing can be more disingenuous than the attempt to bring obloquy on the United States on the strength of the statement, that they are seeking to pay their debts in a 90 cent dollar. There is not, and never was, a 90 cent dollar. A cent is the hundredth part of a dollar, silver or gold. The man who exchanges a silver or gold dollar for 99 one cent bronze pieces would be a loser of one cent. The United States will pay, according to agreement, in dollars containing $371\frac{1}{4}$ grains of pure silver or in dollars containing 23.22 grains of pure gold. The contract with all bondholders is for these specific quantities of one or other of the metals, not for specific values. Who can tell us what sort of thing a "specific value" is, with gold and silver jumping about in the London market, as they have done recently, as much as 4d. to 5d. per ounce in a few days time? What has the bond to do with the oscillations of gold and silver in London? This miserable bugbear of a 90 cent dollar has been started on the eastern sea board, and driven hither and thither with the Editorial whip till I daresay multitudes have been deceived with the plausible falsehood. It is the old story—ignorance and prejudice minting their spurious coins, and bidding them forth to add to the perplexity and confusion of a distracted world. Very gratifying it is to see to find that such spurious coin dare not show its face amongst the freemen of the great West.

This great silver movement now sweeping over the land will prove at once a warning and rebuke to all designing or foolish intermeddlers with coinage or currency. It is a grand protest against the attempt to take the silver star from the national flag, against the injustice which would strive to humble the national money in the dust, a money which has been identified with the entire national history. The spirit of their old sires still burns within the American people. They are not doing this thing in a corner. They are not taking any advantage of their creditors. They are standing up nobly, like the men they are, and proclaiming to all the world that they owe nearly two thousand millions of dollars inscribed upon their public bonds, and that they mean to pay in terms of the bond. Is it not an act of mercy to the bond-holders themselves thus to warn them beforehand of the peril involved in destroying the silver money? Let the foreign press insist that their own governments do the right thing by the precious metals, and spare their railing on a generous and high-minded people.

To me, the destruction of one of the precious metals does not seem half so perilous as the persistency with which an act so disgraceful and so ruinous to industry is advocated and defended in certain quarters.

But, setting all these questions aside, I am of opinion that neither payer nor payee need trouble himself about the future payment of the bonds; for, when paid, they will be paid in coin, or its equivalent, of

full value in the purchase of everything coin can command. I use the word "equivalent," for it is well known that Europe has not lent America either gold or silver for the bonds—the stream of the precious metals has been all the other way. Every great loan of English capital, so called, is simply an inscription of credit in English ledgers; and, in the case of a powerful and industrious nation like the United States, proves a mighty impulse in the exportation to that country of English manufactured goods, paralysing native production, and throwing against it the course of exchange. Let it not be forgotten that, in the case of the bonds under discussion, they were to an enormous amount sold at 20, 30, and 40 per cent. discount, so that the holders reap, for many long years, rates of interest on money they never paid, and will eventually receive 20, 30, or 40 per cent. of money they never advanced. In fact, the United States seem to have shut themselves up by the terms of their contract to redemption in gold; for, at the ratio of 16 to 1, that on which the bonds must really be paid, gold is the cheaper of the two metals. Of course I assume that the statesmen who happen to read these lines know better than to be carried away by the silly clamour about a 90 cent dollar, or a temporary ratio of 18 to 1, or 19 to 1, or 20 to 1 in the London market. They are too wise, I doubt not, to mistake a gambling ratio, or a ratio the fruit of combined violence and folly, for a value or labour ratio. 15½ to 1 may be accepted as the labour ratio of centuries, and will in all probability be the ratio for centuries to come. The labor ratio must, sooner or later, command obedience to its behests. To compel the Mint of the United States, an institution associated in one's mind with all that is solid and substantial, to abnegate its high functions in relation to industry, and to become the mere creature of European governments actuated by insane fears as to the presence of silver, would indeed be an act of stupendous folly. The ratio on which the public bonds of the United States must be paid is an incorrect one. The bondholders are, therefore, all but certain to get settlements in gold, or on a basis of gold. After all said and done, they will get the cheaper quantity they so urgently demand, namely the gold.

But this does not alter for the better, as viewed from one side, what is sought to be perpetrated upon the United States by the attempt to rob them of the option of payment as set forth in the bond and defined by law. Considering the magnitude of the interests at stake, it is an attempt at spoliation which I suppose has hardly ever been equalled in the history of our race, even going so far as to threaten the people with pains and penalties if the national government dares to re-open its mints to silver coinage.

Though the actual payment of the bonds be as now set forth, let it not for a moment be supposed that the real interests of the nation lie in any other direction than the prompt restoration of a full weighted and full standard silver coinage. The Americans *must* pay 23.22 grains of pure gold, or 371.25 grains of pure silver, for every dollar they owe on the bonds—there is no getting out of that. *It is, therefore, through prices and the restoration of the currency on a proper standard, that they will best fight the battle of the bonds.*

Let me now make a few remarks as to the double standard and the demonetization of silver. The subject is deeply interesting, yea, of world-wide importance. To do full justice to it would require a treatise by itself.

Nothing is more absolutely certain than that the Almighty has

provided two great metals, silver and gold, for the exchanges of the world's commerce. It is as certain as that He has encompassed our globe with air or provided a pair of legs for the human race. The race would not perish even with one leg—neither will commerce with one metal: the race will thrive far better with two legs—so will commerce with the two metals. There are two verses in Scripture which apply emphatically to silver and gold:—"Two are better than one; because they have a good reward for their labour. For if they fall, the one will lift up his fellow: but woe to him that is alone when he falleth; for he hath not another to help him up."

Although computations as to the amounts, or relative amounts, of silver and gold now in existence must ever partake much of the character of guess work, yet it is a fact well established that the value of the silver in the world, or rather in human hands, is not far short of the value of gold, say about four thousand millions of silver dollars as against something over 5 thousand millions of gold dollars—or in coin and bullion, silver \$3,500,000,000; gold, \$3,100,000,000.

In this vast amount of silver, an amount which we utterly fail to grasp with the mind, a portion of the labour of the present and past generations of men has been securely invested, to be held there with an indestructible grasp till absolutely worn out in the service of commerce. In the precious metals we have literally beside us the collective energy of millions of once toiling hands now mouldering in the dust. This silver has not become valuable because it is money, as so many suppose—it has become money because it is valuable. Associated with the mass of gold, it represents a labour value which, for every practical purpose, may be pronounced permanent. This mass of treasure is destined in the better years to come to exert a powerful influence on the industry of the whole world when permitted, like the life blood, to course through every industrial hand. This great labour fund is the most generally and widely distributed of all products, and its very nature impels it to follow closely on the heels of every true worker, keeping him company, and ready to pass into his hand the moment he has got anything to part with calculated to minister to human wants. With regard to the supply of our cereals, the labour of our race may be said to begin of necessity anew every spring. But it is different with regard to the supply of the precious metals. Of these, when coined, we may say that practically there is no consumption. What a wonderful *stability* is thus given to the money of the world! Its mighty mass, in accommodating itself to the wants of industry, is as fluent as water, and yet stable as a rock. Gold and silver have had a true industrial descent, an imposition, a "laying on," of industrial hands. It is not too much to say that they seem to have the power of lifting all human labour on to a common plane, of marshaling it into line, and of securing and preserving for future use the fruits of our daily toil. There is a conservation of energy, silent and unseen, but yet most real and active. We need not here pause to enquire why *two* metals have been given. They are there, and we have only to accept the fact. Throw either overboard, and the vessel will not only lurch but lose propelling power. To protect labour in its toil; to reward it equitably in its exchanges; to *ballast* as it were the entire industrial world; to be eminently useful as well as precious to man, and yet useful only when passing from his grasp; to form a reserve commodity in which every toiler may invest for the time being with absolute security; to be of the same value from the equator to the poles, and thus a universal currency; to store

up the labour of the past so as to act with beneficial influence on the labour of the present and the future; to reign with imperial power in their own sphere over the vast empire of industry; to be as useful to the thrifty housewife in her daily purchases at the corner store as to the man of larger transactions—two commodities, the produce of human hands, seem indispensable; and these commodities infinite wisdom has provided in gold and silver.

And these are the noble metals, one or other of them, which ignorant men, with almost inconceivable thoughtlessness and folly, still seek to destroy!

Practically, in the business of commerce from year to year, the precious metals, true money, never vary a single iota in their value. If the bakers, this year, pay double what they did last for their flour, the money goes as far as ever. To those who have not given thought to the matter, this may seem an astounding paradox. Let them think it out for themselves, and they will find that though money can do much, very much, it cannot accomplish economic miracles.

There never has been a doubt in my mind that the presence of silver is requisite concurrent with the presence of gold, and that the presence of gold is requisite concurrent with the presence of silver. I have been of this opinion for thirty years past. I am familiar with all the arguments of the opponents of silver. I have never met with the shadow of a reason for changing this opinion. When I begin to think air an inconvenient thing for the human race, it will be time for me to think silver an inconvenient thing for commerce.

The mutual presence of silver and gold tends to prevent fluctuations in the mass relative to commodities; and, by automatic action, to arrest on the spot, and at the instant, any tendency towards fluctuations relative to each other.

It is because one or other of the metals is demonetized, or so often tampered with, that fluctuations in the relative values of gold and silver bullion are brought into play. The more tampering, the more fluctuations—the less tampering, the less fluctuations—all nations ceasing their tinkering, all "fluctuations" would cease.

It is said that within the past two or three years there has been a fall in the value of silver, because silver has been bought at a very low price in the London market. It is all a mistake. There has been no fall in the value of silver. Germany is demonetizing her silver; several European mints are closed against it. Norway, Sweden, and Denmark have just taken part in its destruction; and other nations have been tampering with it. Silver, so far as it was used as a currency, and so far as these influences can reach it, has been simply destroyed—it has not fallen in value. It has no more fallen in value than the gold of the gambler has fallen in value when it has been swept out of his pocket by a cast of the dice. To lay ruthless hands on the silver, and then complain of its degradation, is very much like the wolf seeking in the waters he has himself troubled for an argument or an excuse to devour the lamb.

To banish silver from circulation is to confer an abnormal power upon gold—to establish a false standard, inasmuch as it forcibly drags a portion of the value from the silver and imparts it to the gold—it is to destroy an enormous amount of invested human labour—to create and sustain a market for gamblers in our precious metals—and, worst of all, to cause values so to shrink all round as to give to this one article, gold, the power of the despot and the tyrant, and thus bring to great distress, if not to ruin, both the industry and commerce of the

land. Who will venture to say that the practical destruction of silver by America, by England, by Germany, by the Scandinavian States, by the temporary closing against it of the French mint, has not had a powerful influence, in the consequent demoralization of all values, in bringing at last upon the nations a commercial distress so long and persistent that people every where are confused and perplexed what to think about it. The days of "panic" seem to have passed—we are now to all appearance in days of dissolution, a veritable drying up of Euphrates. These are some of the effects, and they are inevitable. It is beyond human power to arrest this downward course whilst engaged in acts so wicked as the destruction, or partial destruction, of the precious metals. There is but one cure—*repentance*.

The white money has ever been emphatically the people's money. A thousand transactions are accomplished by it for one that is accomplished by gold. The purchase of the working man's barrel of flour is, in my estimation, of as much consequence as the purchase by a wealthy man of a thousand barrels of the same commodity. The retail trade is really the great trade of the country. There the producer and consumer meet. There real values are exchanged. The foreign and the wholesale trades are *subservient* to the retail. Genuine commerce is ever present in the retail trade—gambling and speculation in the wholesale. And yet we attempt to demonetize and degrade the very money which sustains the trade on which wholesale and foreign are alike built!

The adoption by all nations of a common monetary standard, or rather of a common ratio between silver and gold, that ratio brought as closely as experts could manage to do to the true market value, would secure the metals from divergence or fluctuation. Probably they would not need a readjustment of the ratio for a century to come. Concerted action will finally secure the desired end.

I do not believe there is any *principle* involved in what is known as "legal tender." I do not find such a thing within the range of political economy.

Until all nations come to adopt the double standard and mint at the same ratio, I believe legal tender is expedient, nay absolutely necessary.

It is the duty of legislation to mint coins of gold and silver whose legal and market ratio shall be, as near as can be known, in concord. And it is the duty of legislation to provide, by legal tender, that neither of the metals when so minted and handed over to industry shall be allowed to be depreciated or have their usefulness destroyed by individuals, merchants, companies, or corporations being permitted to refuse them when tendered in payment.

If three or four of the leading commercial nations agree to adopt the policy indicated above, it will settle all difficulties as to the relative values of silver and gold.

The argument so often used by the monometallists, that practically it is an invariable rule that the bad money displaces the good, is a capital argument against the use of bad money and in favour of the use of good money. It is an argument against conferring a false value on either silver or gold, but no argument at all in favour of casting either of them out. Silver will behave like a good boy if we let it alone. We must not complain if he cries when we whip him for doing good and being good.

If, as has been so often urged, the gradual departure of the gold

from the field of circulation in America during the forty years after 1792 proved that *silver* was bad money; then it is right to urge that the departure of the silver dollar from the same field of circulation after the year 1834 (when the relation of silver to the unit of gold was changed from 15 to 16.002) proved that *gold* was bad money. Are we going beyond the record when we say that such arguments prove the monometallists, as related to our coins, to be also monomaniacs?

The ratio of 15.5 to 1 is the European ratio. It has been so for about a century. The variations in value have been quite trifling, for twenty recent years in London, not over 2d per ounce of silver, and these years embracing the exciting times of the gold discoveries in California and Australia.

The more recent "fall" in silver in the London market, accompanied as it has been with considerable fluctuations, has been caused, as I have said, by Germany and other nations casting away their silver and adopting the single standard of gold. But the flow of silver to the East still continues, even in an augmenting stream, and Asia will not fail to take off our hands much of the silver we please to throw away. The East will simply profit by our folly. Europe and America gave Asia last year 105 millions of dollars in silver, an increase of 22 millions over the largest annual amount ever before sent.

It is held by some that if the old ratio of 15.98 to 1 is retained, the silver, though it should depart from America as bullion on account of this over-valuation, will return to it in the shape of gold and merchandise. It will return in neither shape. So long as there is a dollar left to be drained it will go *from* our neighbours in the shape of imported English merchandise received *by* them, and paid for *by* them, at 3 per cent. more than it is really worth, or more than the price at which it would be sold on a correct ratio. They will not only permit their silver to be drained, but pay their correspondents 3 cents on every dollar they coin, simply for taking it away. The profit on the imported goods will be swollen by the 3 per cent. additional profit on the exportation of the silver.

There is no such thing as a standard of value. It is an impossibility. Nothing can measure human labour, but labour itself; and human labour in its millions of exchanges from day to day is constantly measuring itself. Every toiler who brings a product to market is measuring and being measured. Even gold and silver, stable though they are, have to submit to this law. The imaginable standard, like the philosopher's stone, has been long searched for, but never will be found. It has troubled many a statesman's head in the past, and is likely to trouble some in the future.

If any man should deal carefully with language, it is the political economist. In anything I have written on the subject I have ever felt the pressure of a great responsibility. I have come to define political economy as the *science of human well-being*. Anything beneath that exalted rank, I dare not accord it. I think it safe, then, to say in this connection that, though there is no standard of value, there are two monetary standards, gold and silver.

In dealing with gold and silver, one prime fact must ever be kept before us, that they are two commodities in which multitudes of our fellow men have invested the fruits of their toil. Their production is a most important branch of human industry, probably ranking next to the providing of food and clothing. Never in themselves producing a single iota of value, and their vast service to the human

race ever absolutely gratuitous, they are yet the most perfect labour-saving machines known or likely to be known. Ruthlessly to destroy either of the metals is a crime against God, against industry, against humanity.

If America, or Canada, or any other nation, destroys its silver, its place never can be filled with a substitute. Cover your land from shore to shore with dollar bills, and you have not brought back a single dime's worth of the value you have chased away. You banished something that had body and soul—you replace it with something that owns but an empty tongue. You have taken millions of dollars worth out of your people's pockets, and you have put nothing, absolutely nothing, in their place.

If a nation demonetizes its silver, it not only practically destroys a vast amount of the labour value or the labour investments of its people, but it imparts to the gold a portion of the price which belongs to the silver. The owners of silver lose—the owners of gold gain. The prices of all commodities will fall, in other words, the purchasing power of the gold will rise. It is simply robbery, but robbery on a vast scale. In reality it swells the gold beyond its natural capacity, so that the rulers are in a perpetual fever about their gold, as witness England for these many years past. If English statesmen would but open their eyes, they might see that the very gold itself is uttering a never-ending complaint. Every throw it makes is a cry for its fellow, the silver.

The normal effects of the demonetization of silver may be seen in this way:

Suppose England and America enter into international trade, each owning a full double standard to the amount of \$600,000,000, and that all other nations stand aside for a few years. The barrel of flour in both countries is worth six dollars. England suddenly demonetizes her silver, and it is all drafted off to the East or elsewhere. The barrel of English-made flour falls to three dollars. The labour value remains the same—that cannot be altered—and a barrel of American flour, freight apart, would barter for a barrel of English flour in England. But all international trade is carried on through prices established by the amount of value money set against the amount of commodities to be exchanged. The barrel of flour in America would be six dollars, whilst in England, with her half currency, it would be only three dollars. The goods needed by England would be sold to her at an advantage of 50 per cent to America—the goods needed by America would be bought by her at a disadvantage of 50 per cent to England. For, observe, it would not be America taking her six dollar flour to England to sell at three dollars—it would be England (if she ran short of food) coming to America to buy her flour at six dollars—For less than six dollars, England would not get it—if America ran short of food, more than three dollars per barrel she would not have to pay to England. In a word, the labour of six men in America would exchange for the labour of twelve men in England. Could any nation on earth withstand such a conflict?

Still, a large trade might, for a season, be sustained between the two. English merchants might, for a few years, thrive under such a system. The people in England, the producers, would descend to poverty and ruin. The amount of exports and imports of a nation are not the true data by which to ascertain the condition of the country—that must be sought and found in the moral, physical, and material condition of its people in general.

How perilous then is the condition of America at this moment with her silver demonetized! Is it any wonder that England is so anxious to seduce her to the same broad road to ruin? Most earnestly do I plead with the people of the United States, not only to restore their silver, but to restore it on a basis secure against all assaults.

The *New York Nation*, a gold standard paper, puts what it considers a test question to the double-standard men, and asks with a triumphant air, how they would like the proposition that silver "should be a legal tender at its bullion price in gold." It would work finely for the schemers able to corner gold; it would work badly for the *New York Nation* if it held silver and desired to pay its debts. If the *Nation*, or the men of either standard, ever seriously proposed such a thing it would shew that they understood as little of the real function of coins as of the nature of legal tender. Is it wise or prudent for this *Nation* within a Nation to propose that the American coins, after being made legal tender, should lose all that is designed in legal tender, by being compelled to dance attendance on the daily fluctuations of gold in the city of London? The *Nation*, if it continues to beat its golden drum in this manner, will burst in both ends. I counsel it to try for once a blast upon the silver trumpet.

Let us hear what the London *Economist* has to say on this question of demonetization of silver. "Coal merchants," says the *Economist*, "if peat were cheap, would welcome enthusiastically a law compelling consumers to pay as much per ton for peat as for coal; and in the country subject to such a law there would soon be no coal fires." This from an "Economist!" Let us see if we cannot reciprocate. John Bull has good digestion. It is holiday times, and he has leisure to chew the cud of reflection. Suppose we send him the following, with our best wishes:—Gold merchants, if silver were dear, or even at par with gold, would welcome enthusiastically a law compelling consumers to take payment only in gold; and in the country subject to such a law there would soon not even be silver change. The coal merchants, in the first illustration, would have overshot the mark, and would soon have no business at all. But, in the other illustration, the gold men, more acute, would soon have the whole field to themselves. Now, John, we ask you to look squarely at our illustration, and not shut one eye.

I have said that there are two monetary standards. As provided by nature, as brought to hand by labour, as sent forth from the mint, there are two. Practically, as employed in exchange, they form but one standard. There is not a gold price and a silver price for commodities. If a barrel of flour is worth five dollars in gold, it is worth five dollars in silver. The aggregate of the precious metals is a vast labor fund being constantly offered in exchange for all other products of toil. Human labor, it may be said constantly filters through both metals, (unless one or other is demonetized) and appears on market as one price, equally affected by both metals. The reason for all this is, of course, to be found in the fact that you can do nothing with money but buy. Therefore, the destruction of one of the standards practically leaves only half a standard. Under the pretence or delusion of keeping prices steady, it destroys the integrity of all prices throughout the vast fields of commerce, and gives opportunity—in fact creates the market—for gamblers and speculators to manipulate our gold and silver coin and bullion. To complete the evil work, it robs the silver coins—if silver be the metal held in aversion—of a portion of their substance, and sends them forth with a lie

stamped upon their face, *overvaluing* them by legal tender, to the extent they are depreciated,—a falsehood and a fraud rolled into one. The great metal in the hands of industry, passing and repassing constantly through millions of hands, is compelled to witness a double fraud; the other metal, locked up in vaults and hardly ever seen in the paths of true commerce, supplants its elder brother and takes to itself an inheritance in labor and purchasing power to which it has neither claim nor right. The controversy now raging across the lines is in reality a contest between Wall street and the entire industry and commerce of America. God forbid that in such a struggle the Nation should be doomed to go to the wall.*

The source of the value of the precious metals is the human labour wrapped up in them, and nothing else. The London economists are never weary of telling us that demand and supply are the source of value. It is a grave and serious error. Demand and supply are the source of exchange, never the source of value. As to the quantity of pure metal, gold is fifteen or sixteen times more valuable than silver, because on the whole it has taken fifteen or sixteen times more labour to produce the gold than the silver. I agree fully with Ricardo on this point. And yet a day's labour of digging gold is just worth a day's labour of digging silver.

The reader will no doubt be surprised when I tell him *that money, as used in commerce, is not a medium of exchange*. His first impulse will be to reject a statement so completely at variance with all that he has heard and with all that he has been accustomed to believe. But it is absolutely and entirely true. Money exchanges nothing outside of itself, and that which exchanges nothing can never be an instrument of exchange. It exchanges, in every act of buying, the human labour it contains within itself, that, and nothing more. There is a certain amount of human toil wrapped up in every coin, and that is what is exchanged or made over in every purchase, nothing additional, nothing outside. Money must ever be bought as a commodity. If sold as bullion, or in the shape of bullion, it is just the same, a commodity, a product of human toil. The mint stamp does not alter it in the slightest degree. That only certifies its weight and fineness. The metals become money because, primarily, they are commodities of value; and, secondarily, because they possess those well-known qualities which impel them to assume the place of what is popularly known as media of exchange. They are simply merchantable commodities, like all other merchantable commodities, but only far more frequently bought and sold than other commodities.

We still occasionally meet the argument that silver is too heavy to carry. One would think that an argument so stale would long since have rotted out of existence. But error dies hard; it seems to take a natural liking to some men, or else some men take a natural liking to it. Iron is heavy; so is copper and tin, and marble, and bales of dry goods. Yes, silver has weight, no doubt of it. Mere speculators

* I have just read a report in the Chicago press of a lecture said to have been delivered in that city by Professor Sumner. I am confused. I don't know what to think. Professor Sumner, I believe, fills a chair of Political Economy in an American college. Somebody has personated the worthy Professor, and tried to make the intelligent people of Chicago believe that it is the very nature of silver to fluctuate, that "it is not permanent in value to so high a degree as gold," and so forth,—in short, tried to make them believe that a lecture on "modern business" may pass for an exposition of the grand science of Political Economy.

and gamblers may like something lighter, not so industry. Industry will be glad of it, and will take all it can get of it. Paper is lighter, and cobwebs are lighter still; and perhaps something in moderate commerce may be found, needing no very diligent search, even lighter than cobwebs.

Another old and worthless argument is the one so often repeated about the amounts registered at the Clearing Houses. As if the daily registering and balancing in books of the entire transactions of the commercial world in one or more commercial centres—these transactions repeated probably half-a-dozen times ere the weary road and round is travelled to a so-called settlement, and embracing nearly all the gambling done under the sun—as if, I say, such an argument had the weight of a feather with regard to the employment of gold and silver in our exchanges! When such rubbish is constantly offered to us in the name of argument, one feels inclined to moralise over one of the most pungent sentences ever written by mortal hand—"Though thou shouldst bray a fool in a mortar among wheat with a pestle, yet will not his foolishness depart from him."

For America to follow the example of Europe, and demonitize her silver, is just as foolish as it would be for America to burn up one half of her corn fields on the ground that Russia, perhaps, had been smitten with commercial madness and thrown half her wheat crop into the Black Sea. It would be even worse. For we might fall back upon wheat and increase its production, but there is not a third precious metal to fall back upon. Moreover, the destruction of half of the corn would be but the destruction of the yield of one year, but the demonitization of silver is the destruction of our own labor and the labor of past generations.

All who bring bullion for coinage to the mints should pay for the expense of coinage. They should do so according to the established law of trade that those who receive should pay for what they receive. And they should moreover do so, because the silver and gold, in the shape of coin, are enhanced in value to the amount expended in the coinage. In other words the market prices of bullion and of coin are only separated by the cost of coinage.

The minting of a debased or subsidiary silver coinage for the use of the retail trade—the great trade of the country—and for the payment of the wages of industry is an utter abomination, not to be tolerated a moment by any true political economist. For example: the wage-receiving class in the United States who work for a dollar a day, when paid in two subsidiary silver 50 cent pieces, are paid 7 cents short on every dollar they have earned. If paid at the rate of \$7 a week, they give a receipt for \$7 worth of labour, and in reality, receive only \$6.50, and somebody profits to the extent of 50 cents a week on the weekly wage of every labourer in the land. Those who are paid their incomes in gold, or on a basis of gold, profit to this extent by the minting of debased silver. I have not space here to set forth the argument in full; but if there are people so foolish as to think that two half-dollars containing 345 grains of pure silver are as valuable as the whole dollar containing 371.25 grains pure, let them try the experiment of minting them and circulating them side by side, and they will soon see which coin will slip away. To maim and clip the silver coinage, and limit its circulation, on the ground that nobody will come to carry off such lame ducks, is the height of infatuation. I trust the United States will mint the silver dollar, half, quarters, &c., all up to the full standard, and that this Dominion

will open wide its doors to receive it. If there is anything more than another which could give life at this moment to our broken and ruined industry, it would be a flow of full-weighted and full-standard silver money. Better have such a flood—even though the coins were subsidiary—than such a flood of bankruptcy as is now destroying our fair land.

A full standard legal tender currency of gold and silver coined at the all but permanent labour ratio, and both metals permitted to circulate freely throughout the Dominion, according to the demands of industry, would act like magic in lifting us out of our present ruin. Such a currency abroad among our people would at once restore prices, stimulate manufactures, revive commerce, and enable us to hold our ground against all the world. The United States will mightily strengthen its resources and its commercial power by the restoration of the dollar. It will aggravate our troubles, and expose us to great perils if we in Canada continue to cling to our absurd single standard and debased and limited silver coinage. A large influx of full standard silver, fresh from the mint, and crossing our borders into the hands of the people free of the preliminary of Canadian bank discount, would give us a rising market, would stiffen prices, and appreciate the wages of labour, and would bring to us something tangible, solid, and of true value on which to base and sustain these advancing prices. The good things now enumerated are all indispensable if our commerce is ever to be restored, and not one of them can be permanently sustained by mere paper promises to pay, even though we should shingle our broad Dominion with them from shore to shore.

And yet I fear that there are many amongst us so wedded to the traditions of the present system, that they will do all they can to prevent the bright silver coming over to help us in exchange for our goods, even though that silver should be over-weighted by being coined at the ratio of 15.98 to 1. They will shut their eyes to the vastness of the trade done with the States a few years since by means of this silver. They prefer that bankers, merchants, manufacturers, and working men should all be involved in a common ruin rather than full standard silver dollars should come into the hands of the people. They forget that England, since she began to clip her silver coins, has been almost rocked from her foundations by commercial panics, and that her producing millions have now sunk so low as to become a by-word and a reproach to all civilised lands. How is it possible that Industry can flourish, and be compelled at the same time to *produce* its goods, to *buy* its goods, and to *consume* its goods, by the aid of a clipped and debased coinage? Will there be found a statesman in our free Dominion so insane as to urge that, because England has set the precedent, this young and promising nation must follow the same path to ruin?

I devoutly hope that the Silver bill now before Congress will pass in its original integrity. Great and important questions are now shaking the American nation, as well they may. It is the finger of Providence pointing on the good road to truth and equity. I lately took the liberty, through the columns of a leading journal—the *Chicago Tribune*—of counselling 15½ to 1 as the ratio on which the bright new coinage should go forth to the people. But an alteration in either the weight of the gold or silver dollar would bring in the requisite ratio. On the whole, I think it better to make the alteration on the side of the silver, and reduce the silver dollar some twelve

grains. To coin at the old ratio of 15.98 to 1 would give a higher price to silver than gold. It looks like *appreciation*, but it would really be a *depreciation* of the silver. America cannot afford to do that. If she does so, a European vulture will certainly peck out an eye from the American eagle. If other nations determinedly stand out against the double standard, then America must just buckle on her armour and proclaim that she will only mint, if necessary, the produce of her own mines. In this matter of coinage I hope she will *just do the square thing*, and play second fiddle to no nation under the sun. Let her mint every coin fearlessly to the full, charging the cost of mintage to every man who brings his silver or gold; put no false, degraded, or so-called *subsidiary* coin in her people's hands (no such coin should be known by a truth-loving people); throw the protection of law around every coin, gold and silver; make every coin down to the quarter, full legal tender, and, below that, legal tender, if need be, by weight instead of tale. Asia, with its industrious millions will, for a hundred years to come, take every silver dollar she can spare, and the broad highway of the Pacific lies before her. Why should not the surplus silver of America, or a great portion of it, take that highway and follow the sun? Of the ultimate issue of such a policy as one means of helping to restore the shattered industry of the land, no sane man need doubt.

The Dominion of Canada is deeply interested in this question. Its government has shewn an enlightened desire to fall in with any feasible plan for the unification of the coinage of all nations, and there exists on her statute books an Act declaring it to be a highly desirable thing that the currency of the Dominion should be in accordance with the resolutions of the late Paris Monetary Conference, but wisely providing that no change shall take place unless the Paris basis is first adopted by the United States. Here is a declaration that it is expedient that the monetary heart of our powerful neighbour should beat responsive with our own. None but a prejudiced mind can doubt that it should do so. My hope is that the authorities at Ottawa will watch this great movement across the lines, that they will encourage the flow of the promised life-giving stream, and that, if the silver comes to our doors, they will throw the protection of British law around the seen and handled dollar as is now done around the unseen and unhandled sovereign.

There are mightier forces at work in the desolations around us than the destruction of silver coin. Of these I need not now speak. But I would say to all Canadians, yea to all dwellers on this Continent, that, if they encourage and help the silver, they will help in some measure to restore commerce and to lift industry from its ruins. It deserves no ill treatment from the hands of any man or government. Political economy is a science with inexorable laws, and these laws never change. *They are framed for an unindebted, not for an indebted world.* And yet an indebted world has the largest interest in preserving unimpaired the genuine gold and silver, as given forth from the hand of industry. And in using the word "indebted" I may include creditor as well as debtor, inasmuch as it can never be the interest of the creditor to be in league with schemes to destroy the means of payment.

I tremble lest the American people should let the present opportunity slip. Should they do so, there are in all probability darker days in store than they have yet gone through. I think the national heart at Washington on the whole beats sound on these great questions.

But some there may be halting between two opinions. If long years of patient thought and investigation should add weight to a man's words, then may I not, with all the energy I can command, appeal to all such, yea, to every true-hearted American who reads these lines, north or south, east or west, to take no rest till this great monetary reform is accomplished; a reform which will place in the hands of every toiler throughout their vast domains a true and substantial recompense for his labor, and which will raise America, now foremost in so many things tending to ameliorate human toil, to the proud position of being the first nation in all the earth to accept *to the full* the teachings of political economy in regard to the precious metals. For few reflect to what extent this question of coinage, simple though it may seem, stretches its roots away down into the heart of industry. May God grant to all who have a voice in the halls of legislation wisdom suited for the solemn hour. Let them remember that as they now do right with the money of industry, toiling millions in after years will rise up and call them blessed.

MONTREAL, 7th January, 1878.

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